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SENATE LOCAL GOVERNMENT

EXHIBIT NO. 4

DATE 1-8-07

BILL NO. SB 56

Linda McCulloch  
Superintendent

January 8, 2007

To: Senate Education Committee

From: Madalyn Quinlan, Chief of Staff  
Montana Office of Public Instruction

Subject: Senate Bill 56

My name is Madalyn Quinlan, Chief of Staff of the Montana Office of Public Instruction. I appear before you today on behalf of State Superintendent Linda McCulloch to support SB 56.

Senate Bill 56 repeals a provision that was passed by the 2003 legislature which limits the retirement benefits that a school district may charge against its retirement fund. Under current law, school districts may only charge the retirement fund for retirement benefits associated with employees paid from state and local funds, the federal impact aid fund or the school food services fund. Cooperatives may only charge the retirement fund for retirement benefits associated with employees paid from the cooperative's interlocal agreement fund if the interlocal agreement fund is supported solely from districts' general fund and state special education allowable cost payments. The retirement benefits associated with employees paid from federal grants and private sources may not be charged to the district retirement fund.

The estimated impact of the changes made by the 2003 legislature was to reduce the funding available to schools on an annual basis by \$12.204 million in FY2006 and by \$13.075 million in FY2007. SB 56 reverses the harm that was done to districts by expanding the allowable charges to the retirement fund to include retirement costs associated with all employees.

The definition (20-9-309, MCA) of a basic system of quality, public schools includes education programs to provide for students with special needs, including children with disabilities, at-risk students, students with limited English proficiency, students who qualify for services under the Americans with Disabilities Act, and gifted and talented students. School districts use their federal funds to provide necessary services to each of these populations, for classroom instruction and for support services for these students. The requirement to fund retirement costs from these federal funds cuts into the ability of schools to provide supplemental and individualized services to students. Given the focus on school accountability and improving student performance, these funds are especially important for helping students with special needs to succeed.

Superintendent McCulloch urges your approval of SB 56.

*"It is the mission of the Office of Public Instruction to improve teaching and learning through communication, collaboration, advocacy, and accountability to those we serve."*